## Message Text

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PAGE 01 STATE 040303

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R 191905Z FEB 76 FM SECSTATE WASHDC TO AMEMBASSY TEHRAN INFO AMEMBASSY DAKAR AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: 0ENC, IR, SG

SUBJECT: CAYAR PROJECT

REF: DAKAR 0445, STATE 010050

1. AN AMERICAN CONSORTIUM (PARSONS JURDEN CO/JACOBS ENGINEERING) HAS SUBMITTED A PROPOSAL FOR THE CONSTRUCTION OF THE PHOSPHATE PORTION OF THE CAYAR PROJECT IN SENEGAL. AS EMBASSY AWARE CAYAR IS THE RESULT OF A JOINT VENTURE BETWEEN NIOC AND THE SENEGALESE REFINERY AND PETROCHEMICAL CO. (SOSERAP). AN OPERATING COMPANY, IRASENCO, HAS BEEN ESTABLISHED TO CARRY OUT THE PROJECT WHICH INCLUDES THE CONSTRUCTION OF OIL REFINERY, PHOSPHATE MINE AND PROCESSING FACILITIES, A DEEP-WATER PORT, AND A NEW TOWN SITE. TOTAL INVESTMENT IS ESTIMATED AT 300 MILLION DOLLARS WITH THE IRANIANS FINANCING THE LIMITED OFFICIAL USE

PAGE 02 STATE 040303

REFINERY AND A PORTION OF THE PHOSPHATE FACILITIES AND THE SENEGALESE FINANCING THE PORT AND THE REMAINING

## PORTION OF THE PHOSPHATE COMPLEX.

2. SINCE THEY SUBMITTED THEIR PROPOSAL IN JULY PJ/JACOBS HAVE FOUND IT EXTREMELY DIFFICULT TO ASSESS IRASENCO'S ATTITUDE TOWARD THEIR PROPOSAL. THEY ATTRIBUTE THIS TO

IN-FIGHTING BETWEEN IRANIANS AND SENEGALESE OVER CONTROL OF THE VARIOUS PHASES OF PROJECT. FURTHER-MORE BECAUSE DECISION-MAKING ON CAYAR IS DIVIDED AMONG IRASENCO'S OFFICES IN LONDON, DAKAR AND TEHRAN IT IS DIFFICULT TO DETERMINE WHICH INDIVIDUALS ARE THE PRIME MOTIVATING FORCES BEHIND THE PROJECT.

3. GIVEN THE IMPORTANCE OF GOI'S INVOLVEMENT WE WOULD APPRECIATE EMBASSY'S COMMENTS REGARDING HOW THE IRANIANS VIEW THEIR ROLE IN THIS PROJECT. WHO ARE THE KEY IRANIANS IN IRASENCO? WHAT IS THEIR OPINION OF THE PJ/JACOBS ENGINEERING PROPOSAL? WHAT IS THE EXTENT OF IRANIAN FINANCIAL PARTICIPATION IN THE PROJECT? WILL IRANIAN FINANCIAL DIFFICULTIES HAVE ANY IMPACT ON THE PROJECT? FURTHER, IN THE CONTEXT OF CAYAR WE WOULD ALSO APPRECIATE FEEDBACK ON RESULTS OF FEBRUARY MEETING OF IRANIAN-SENEGALESE COMMISSION. INGERSOLL

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